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BUSINESS ETHICS AND CSR

Business ethics and gender equality: the basis for a new leadership model

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Abstract. Business Ethics remains necessary in a globalized world. Companies need to listen to their stakeholders and identify their needs. As social institutions, companies should display moral behavior because society expects good actions of them. As a result, they need to integrate social and environmental problems into their day-to-day work because that is their responsibility. Consequently, gender equality has to be integrated into company management because it is a global, social interest. Since the dichotomist division of public and private spaces, cultural constructions of gender have been determined, which are based on values and restrictive principles that build a conflicting model for men and women. In contemporary western societies, these roles are the basis of our education and lifestyle, and they impregnate all areas of society cross-sectionally, from politics to economy. This gender differentiation becomes gender inequality, which is reproduced by companies. In the present communication, our main task is to identify the real relation between Business Ethics and an emerging form of leadership: Women's Leadership. Our hypothesis centers on the notion that Business Ethics can enhance the presence of women as leaders in companies. Moreover, we have to work on the possibilities of defining a women's leadership model, which is not often done visibly, and highlight its main features which come close to the transformational leadership model. We will also see how in a context of change and economic recession that the need to reformulate the basis of the traditional leadership model, traditionally associated and practiced by men, is evident. Companies demand complementary leadership, transformational leadership, and need to respond to the principles and values of Business Ethics.

Keywords: business ethics; stakeholders; discourse ethics; women's leadership; transformational model.

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Introduction: Why is business ethics necessary to build healthier companies in a global society?

Companies operate globally, which is a new reality shaped through the transfiguration of temporal-spatial limits. Information and communication technologies allow us real-time access to information around the world. Consequently, national borders are disintegrating to give way to a new multicultural citizenship, as the European Union case. Nevertheless, some differences remain between one national state and another, because strong nation-state governance allows each country to determine its own commercial law, labor and environmental regulations, and economic policies. This new global situation can be useful for companies because they can internationalize their activities and increase their presence in other countries, but we must remember that some significant differences are still alive, especially in the legal field. At the same time, business activity can become more complicated because its actions do not only affect immediate surroundings, but the entire world. For example, a single decision made by an executive or manager in a very short time affects thousands of people working in a distant place. So we now find ourselves in a "global society", where companies are not islands, but are interconnected with lots of groups in many places worldwide. In short, the first step is to recognize that the environment is changing and that the company is interconnected with society, nature and politics. Therefore, due to this interconnection, the company will face many social problems, including the gender inequality, which is a global issue.

First of all, in order to incorporate the ethics perspective into business dynamics, we should recognize the relations between people and companies. If we manage to identify the links that attach the company to society, we will build a better world; we will build healthier companies. From a philosophical point of view, the links from the Latin term "*ligatio*", that link the company to all its groups of interests must be recognized and, therefore, they oblige (*ob-ligatio)* it to live up to the expectations that they have placed in it (Cortina, 2007). As human beings, we are interdependent social beings who live in an increasingly interconnected world, and this will continue to grow in forthcoming years. So, as the Spanish philosopher Adela Cortina remembers, recognizing the need for us all to be linked together, including companies, is the first step toward social growth of trust (Cortina, 2007). According to this recognition, it is easier to join

governments, companies and citizens to address different problems of society, such as gender inequality or environmental pollution. Nowadays, companies need to be aware of this new request made by citizens. In many cases, the company acts without paying attention to the changes that now take place around it, hiding behind the current economic crisis to make immoral and harmful decisions for employees, the environment and society in general. It is fair to state that many companies are lurching blindly without considering that society is changing and, for this reason, they must adapt appropriately if it want to survive. This imbalance between new social demands and company actions is generating a crisis of trust in society as far as company action is concerned. People are suspicious about business actions, and they develop a critical attitude of them at the same time. The ethical management of companies is required for them to know Stakeholders' needs, as opposed to having to answer for our actions.

Thus those companies that want to survive must be aware of the real sense of their own actions. Recognizing one of the key problems is an absolute must: the traditional economic rationality model in which economic profits are above any other issue; this perspective conceals an autistic notion of the company as if it owes nothing to society. Even so, companies are a very important part of society because they create value in many ways: economic, technological, cultural and, more importantly, this allows society to continue to work. So the second step will consist in building business ethics to overcome this autistic and economic rationality concept by stressing the notion that the company forms part of Civil Society and that it generates social goods, and not just profits for shareholders. At the beginning, this may come as a shock to executives, managers and directors. However, we must understand that the company's ethical behavior does not go against long-term profits. For this reason, we have to introduce ethical values into everyday management decision-making and create healthy leadership models that include women and other groups. Moreover, we stress that an ethical management ought to have a strong communicative component, so it is necessary to invest resources in the communication channels, internal and external, to enable dialogue between company and society. This task is complicated for multinationals, operating in different territories, but this serves to reinforce our argument and encourage them to invest a portion of their funds in monitoring communication and ethics management business.

So the third step is to recognize who is affected by business activity. We start with the Stakeholders Theory by R. Edward Freeman in the 1980s (Strategic Management. A Stakeholder Approach, 1984). From it we understand Stakeholder as "any group or individual who can affect, or be affected by, the achievement of business objectives" (Freeman, 1984, p. 24). One of the key bases of this theory is that it envisages a management model that collectively integrates the company's ethical and organizational aspects (González, 2012, p. 71). Evidently, society as a whole is important for the company's activity, but in each specific case, the company will have to respond to the specific demands made by different groups (trade unions, feminist groups, environmental groups, etc.). We need to assume that neither the law nor the market is a mechanism that sufficiently regulates today's organizational behavior, because the economic and political laws change by state, so something else is necessary (García-Marzá, 2004, p. 45). That something else lies in trust and the moral management of resources, and in the ability to generate trust through dialog, and it also involves mutual recognition. For example, respect Human Rights, which are universal, should be strong when the laws of a country are not enough to guarantee other minimum rights. It is not sufficient to rely on a strategic business management understanding to explain the company's shares; communicative action to bring the company closer to its stakeholders is needed.

It is important to point out that the business ethics model we propose herein focuses on the Discourse Ethics of Habermas (1989). This ethics model helps us to perceive Stakeholders as "active subjects, speakers, and not merely resources to satisfy one of the parties" (García-Marzá, 2004, p. 197). So this deontological perspective of ethics is vital for allowing dialogs between companies and stakeholders because it is during this exercise of freedom that companies can heed the demands made by citizens and can participate in a fairer society. Accordingly, women and feminist groups will always form part of stakeholders as gender equality is based on a global human value. In summary, dialogue-based business ethics allows us to build healthier and fairer companies because it teaches them to become moral institutions that form part of Civil Society, and as such, seeks to generate social goods, not only economic benefits, which it also is one of its primary objectives. As a basic social demand, if we wish to enhance

the importance of women in the business world, we must first carry out ethical business management. We must not be afraid of the changes taking place around us because in today's volatile world, we must know how to adapt our working methods to social demands. Fair companies have to deal with different groups of interest that claim that men and women in all spheres are treated equally, including the workplace, leadership positions and economy. All of these features needs a real possibility to attend the demands of stakeholders in Civil Society. The Discourse Ethics of Habermas (1989) offers this possibility because its universalization and deontological principles, inheriting of Kantian philosophy, as García-Marzá remembers: "just a universalist ethics is able to respond to the internationalization of moral demands and expectations placed on the company in a global context" (García-Marzá, 2004, p. 32).

Gender equality as an ethical claim in companies

We highlight the vital necessity to introduce gender equality into the company's different management levels. This need is based on a fundamental demand and is also extensively based on the theoretical principles of participatory democracy and democratic citizenship. One way to achieve a more equal company is to promote equality plans. However, it should be pointed out that this is a pending matter in business. These plans must include a component to fulfill the equality standards that the European Union promotes and recommends. But companies themselves should also look after not only such fulfillment, but should also have the initiative to promote their own Gender Equality plans based on social corporate responsibility that adapt to the company's own characteristics and peculiarities.

Nowadays, it may seem that equality between women and men has been achieved because several international agencies, such as the Declaration of Human Rights, incorporate this premise. For example, within the European Union framework, we can find agreements that work on ensuring Gender Equality, such as the *Strategy for equality between women and men (2010-2015)*, which is one of the most recent agreements that includes the principles defined by the *Women's Charter: Declaration* by the European Commission on International Women's Day (2010). However when we

look at what is actually happening, we see that inequality still remains because, although moral principles exist and are specified in declarations of rights, this problem is structural, and changing structures in a society is hard work. So the occupational sexism we find in the business world is merely a reflection of the patriarchal domination features of our society. This statement does not imply accepting women's under-representation; indeed the exact opposite is true. This evidences the need to incorporate this problem into the business ethics management instruments we looked at earlier.

Another example on our closer horizon is found in the 2020 world meeting in Beijing, where governments and other institutions will discuss Gender Equality and entrepreneurship among women. The key point here is to realize that social problems today are the responsibility not only of politicians, but also of companies and Civil Society (Cortina, 2004, p. 11). Indeed there are moral values and ideals that society considers valuable, including the achievement of a more egalitarian society in which men and women receive equal opportunities to access work. However, our daily actions seem to contradict the beliefs to which we cling so strongly (Cortina, 2007). One of the most important problems is that Gender Equality in the business world forms part of the "ought to be" sphere, but not part of the "to be" reality. This is not sufficient; we have to incorporate the demands made from feminism into business ethics.

For this reason, it is surprising to see how such claims have been integrated into regulations and state laws, such as Article 14 of the Spanish Constitution (1978), which addresses by law and sets out the prohibition of any discrimination based on gender. However, many companies deny following such principles. Then there are more recent plans like the *Strategic Plan for Equal Opportunities 2014-2016 (Plan Estratégico para la Igualdad de Oportunidades 2014-2016)*, which promotes equality between men and women, and defines actions that contribute to reduce inequality in our daily lives. When a principle like equality is formalized in a law, we perceive that it has come true. Yet this belief is false because reality is quite different: women are still treated unequally and they do not have the same opportunities as men, so they have fewer chances to move up the ladder than men do in companies.

In the business domain, we still encounter difficulties that women must overcome to occupy management positions, to earn the same salaries as men, or to reconcile family life with work. Consequently, "redefining our business concept so that its meaning and raison d'être also include the gender perspective" (García-Marzá, 1999, p. 1) becomes an urgent matter. Perhaps the law and equality plans are a good initial step towards achieving a more ethical company. Nonetheless, the real need lies in changing the mentality of people and companies. Thus the real problem is how to integrate the gender equality in companies, and one of the advances for the dialogue-based ethics, is to understand companies from the responsibility. The recognition of this fact involves that the company needs to response of their actions in front of stakeholders, offering concrete actions to solve the gender inequality. Society demands all the policies we looked at before to be integrated into the day-to-day work of companies and managers. Consequently, the company must understand efficiency not only from an ethics perspective of equality. It must also be studied from the Theory of Stakeholders by always considering that their activity will affect women more (De Luis, 2008). This operation will allow them to fight against the glass ceiling and other inequalities, which continue to characterise companies.

In the specific case of the Spanish State, there is the *Strategic Plan for Equal Opportunities 2014-2016 (Plan Estratégico para la Igualdad de Oportunidades 2014-2016)*. We can see that gender demands are being incorporated in legal terms. Some of the actions made by Spanish State are focused on issues such as: motivate the women entrepreneurship, facilitate the reconciliation of personal, work and family life; or promote social awareness in eradicating gender violence. The main objective of this plan is to promote the inclusion and long-termism of women in the workplace, and to also make their contribution to economy visible. Overall, the plan refers to the long-standing problem of the public sphere being separated from the private field, where a woman's role has been traditionally played, which affects and conditions her social role. This political and economical separation between spheres separates the economic sphere from the social one, which leads to an unequal society. This aspect has been highly criticized by feminist theorists like Nancy Fraser (2006) and Anne Phillips (2010), whose studies have focused on the effects that this situation has on social

life. Policies and plans have mentioned inequality and this separation, but it has been used only for companies can to wash their hands of it. In that regard, discourse ethics allows us to highlight the need to recognize the contribution to the economy of the traditional work of women in the field of home in childcare and household management.

It is also true that companies must go beyond policies by moving further and more toward positive action in an attempt to eradicate the social roots of discrimination (Garcia-Marzá, 1999, p. 14). Law is necessary to promote business ethics, but it does not suffice to achieve the integration of women into companies. For this reason, it is vital that companies learn to operate fairly, and that companies, managers and executives must move in the right direction and implement good actions that are considered socially valid. So the basic aim of business ethics is to deal with the conditions of making the company's social credibility possible and to, therefore, encourage all the groups that form part of, or are affected by, its activity to be confident in it (García-Marzá, 2004, p. 23). We must emphasize that companies affect women. So if companies do not include one of the groups affected by their activity, then strategic communication based on coercion that shuns dialog on equal terms comes into play (Habermas, 1989). One of the ways to include the women voices in the company is the "ethics committee" (*comité de ética*) (García-Marzá, 2007, p. 203), a meeting where the company can establish real dialogue with the stakeholders, as well as with women. From this active listening, companies could implement measures to promote the women participation in decision-making positions, measures of time flexibility, implement policies against sexual harassment, etc. Importantly, the ethics committee must be accompanied by the drafting of a code of ethics (*código ético*) and conducting ethics audits (*auditoría ética*) (García-Marzá, 2004), these three instruments will implement ethical management in companies.

To summarize this section, we agree with the fact that Gender Equality is a basic human right, and for this reason, all companies should integrate it into their day-to-day work and business management. We as citizens must be aware of promoting women's rights in the workplace, which the International Labor Office states as one of its principles. Other international organizations like the ONU also integrate this demand. In short, the fact that "women are able to work on equal terms with men it is

not just a desirable question, but an expected one" (García-Marzá, 1999, p. 26), that needs to be integrated into business reality.

Business ethics can be the drive for women's leadership

Globalization has brought about changes in our economies and societies. New global economic structures have made markets fragile, and competitiveness has been moved to a global level. Moreover, the Communication Society (Castells, 1999) has enabled the creation of global networking by offering individuals and organizations around the world the ability to communicate easily. This is characterized by new communication network structures, which are supposedly more democratic, and by widespread public access to information sources. Nowadays it seems to be that we live in an interconnected world where citizens begin to accept their active critical role against governments and companies. In this dynamical context, companies feel they must rethink their ways of working in order to become not only more flexible and proactive, but also active subjects. To this globalization and communicative transformation process, we must add the recent economic and financial global crisis, which we find ourselves in since 2007. Such economic and social restructuring has led people to question the traditional ways that companies have worked and their leadership model.

Nowadays, immersed as we are in a global economic crisis, companies are beginning to question the effectiveness of a leadership model based on the traditional male stereotype, and are seeking new management models that imply another way of understanding the company. Because this traditional model no longer generates trust, companies must rethink their kinds of leaders, because they have to generate trust to survive to the crisis. For example, leaderships including employees in the decision making are being very well received (El Tiempo, 2014). This is an excellent opportunity to promote equality between men and women in leadership positions because, assumedly, women's leadership is related with the transformational model defined by Bass. Transformational Leadership has four basic characteristics: Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration (Bass & Avolio, 1994a). Charismatic leadership can boost organizational changes by inspiring each employee. Inspirational motivation consists in the leader

transmitting his/her perspective to the team to fulfill the business vision so that it becomes an example to imitate. Furthermore, in order to achieve complete implication, the leader must treat each team member separately by paying attention to his/her needs so they feel valued. Intellectual stimulation involves encouraging all the team members to participate in problem solving, and brainstorming is well-valued, even though some ideas do not match the leader's. These four principles should work together to achieve individual aims that are combined with organizational ones and for them to become shared goals.

Following Bass's theory, many authors have studied the differences in leadership between men and women. Some authors support these differences by associating women with a more transformational leadership model. One of the most important reasons for this association is that the four characteristics we looked at, and the values underlying them, can be easily identified with the characteristics associated with female gender stereotype, such as cooperativism, empathy, cooperation, collaboration, sensitivity, etc. These values are becoming more important at managerial levels (Ramos, 2005, p. 55). Furthermore, authors like Loden (1987) argue that male leaders respond to a pyramidal hierarchy scheme, while Women's Leadership is identified with a network structure, which involves open dialogue networking. Finally, we might think that the transformational leadership model approaches Women's Leadership since the „Four I's" relate to the characteristics classically attributed to women and internalized through socialization, with which they feel more at ease and which they develop in the workplace (Escapa & Martinez, 2010, p. 57). But if we understand that a stereotype is the biased image or idea commonly accepted by a group or society, we will agree that it is possible to change this stereotype, but this could take decades, maybe centuries.

As we can see, associating a given leadership style with women and another with men is complicated because it can prove essentialism and could be dangerous for equality, because the essentialism perpetuate unequal gender stereotypes and does not provide an ethical approach to management. Yet it is necessary to recognize the capacities that most women have to occupy leadership posts in companies. Thus ethical management in companies will promote a transformational-type leadership, which will open out to effective equality between men and women in positions of leadership.

Integrating the ethical perspective into business management can also be a good way to include all the groups affected by companies' activities in dialog, where all the groups' legitimate needs and claims must be considered. This is also a good way forward to promote Women's Leadership of a more transformational ethics kind, one that is better connected with new company demands, but always from an ethical perspective.

Conclusions

Globalization has brought about changes in the role that the State plays, which can no longer control the actions that companies perform in other countries. The law differs from one territory to another, but must never be an excuse to ignore Human Rights. So companies must be self-governed, based on universal moral principles, because they generate good social values since they are an inextricable part of Civil Society (Conill, 2004). Hence they should behave ethically and responsibly in all the actions they carry out. Accordingly, we firmly believe that companies have the moral responsibility to address the gender inequality problem, to create more egalitarian forms of working, and to provide women with equal employment opportunities in management posts.

In conclusion, it is necessary to integrate business ethics with a gender perspective into all companies. In line with this, we can argue that the better implemented ethics management is in these companies, the most likely that women will be allowed to occupy managerial positions. First, if the company becomes an active listener, it will realize that it must leave behind a leadership model based on exclusive, aggressive values, and that it must make way for a more ethical transformational leadership model. Second, as a social institution, the company should be aware of the demands of its Stakeholders, and should work on transforming exclusion-based social structures. Hence it is the companys' direct responsibility to facilitate access of women to managerial positions without setting up barriers. We therefore defend the hypothesis that the better ethical management implemened in the company, the more likely it will be that work dynamics are based on equality, to thus provide more women with access to managerial posts and to the development of transformational models. Indeed, we conceive that an ethical company is the most important key toward women becoming transformational leaders.

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